BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA

In the Matter of)
Petition for Arbitration of Interconnection Agreement between Time Warner Cable Information Services (South Carolina), LLC, doing business as Time Warner Cable and Farmers Telephone Cooperative, Inc.))) Docket No. 2011-243-C)))
In the Matter of)
Petition for Arbitration of Interconnection Agreement between Time Warner Cable Information Services (South Carolina), LLC, doing business as Time Warner Cable and Fort Mill Telephone Company	Docket No. 2011-244-C))))
In the Matter of)
Petition for Arbitration of Interconnection Agreement between Time Warner Cable Information Services (South Carolina), LLC, doing business as Time Warner Cable and Home Telephone Co., Inc.) Docket No. 2011-245-C)))
In the Matter of)
Petition for Arbitration of Interconnection Agreement between Time Warner Cable Information Services (South Carolina), LLC, doing business as Time Warner Cable and PBT Telecom, Inc.) Docket No. 2011-246-C)))

DIRECT TESTIMONY OF JULIE P. LAINE

ON BEHALF OF

TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA), LLC

1. INTRODUCTION

- 2 Q. PLEASE STATE YOUR NAME, YOUR POSITION WITH TIME WARNER
- 3 CABLE, AND YOUR BUSINESS ADDRESS.
- 4 A. My name is Julie P. Laine. I am currently Group Vice President, Regulatory of Time
- Warner Cable ("TWC"), a parent company of Time Warner Cable Information Services
- 6 (South Carolina), LLC. My business address is 60 Columbus Circle, New York, New
- 7 York 10023. My telephone number is (212) 364-8482 and my email address is
- 8 <u>Julie.Laine@twcable.com.</u>

9 Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

- 10 A. I am testifying on behalf of Time Warner Cable Information Services (South Carolina),
- 11 LLC ("Time Warner Cable"). Time Warner Cable is certificated to provide competitive,
- facilities-based intrastate local telecommunications services in the service areas of
- Farmers Telephone Cooperative, Inc. ("Farmers"), Fort Mill Telephone Company ("Fort
- Mill"), Home Telephone Co., Inc. ("Home"), and PBT Telecom, Inc. ("PBT")
- 15 (collectively "ILECs") pursuant to Order Number 2009-356(A), Docket Number 2008-
- 16 325-C, on June 11, 2009.
- 17 Q: PLEASE DESCRIBE YOUR RESPONSIBILITIES FOR TIME WARNER
- 18 CABLE.
- 19 A: I am responsible for legal and regulatory matters relating to Time Warner Cable's video,
- voice and data services.
- 21 Q: PLEASE SUMMARIZE YOUR BACKGROUND AND PROFESSIONAL
- 22 **EXPERIENCE.**
- 23 A: Prior to becoming Group Vice President, Regulatory, I was Vice President & Chief

Counsel, Telephony for TWC. I joined TWC in 2002 from Net2Phone, Inc. where I was
Associate General Counsel. I also previously served as an Attorney Advisor in the Policy
Division of the Federal Communications Commission's Common Carrier Bureau where I
worked on issues relating to local telephone competition, broadband deployment and
telecommunications mergers. Before that I practiced law in Washington, D.C. My legal
career began as a law clerk in the U.S. District Court for the District of New Jersey and I
later served as an Adjunct Professor at the Seton Hall Law School. I received my
undergraduate degree from the University of Pennsylvania and my law degree from the
College of William & Mary.

10 Q: HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE SOUTH CAROLINA 11 PUBLIC SERVICE COMMISSION?

Yes, I have testified in all of Time Warner Cable's certification dockets except the recent docket to amend our service area to include the service area of Sandhill Telephone Co.

14 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

15 A. The purpose of my testimony is to provide input and background on Time Warner
16 Cable's interconnection agreements, explain the course of negotiations between Time
17 Warner Cable and the ILECs, and discuss the legal and policy arguments in support of
18 Time Warner Cable's position. In addition, my testimony responds to the legal assertions
19 made by the ILECs in their respective responses (collectively, "Response") to Time
20 Warner Cable's arbitration petitions.¹

Q. IS TIME WARNER CABLE CURRENTLY PROVIDING SERVICES IN THE ILECS' SERVICE AREA?

Response to Petition for Arbitration, Docket Nos. 2011-243-C through 2011-246-C (filed July 8, 2011).

- 1 A. Yes, as discussed in more detail in the testimony of my colleague Maribeth Bailey, Time
- Warner Cable currently provides retail telephone service in these areas and purchases
- 3 wholesale telecommunications service from Sprint Communications Co., LP ("Sprint") to
- 4 enable the exchange of telecommunications traffic with the ILECs.
- 5 Q. WHY IS TIME WARNER CABLE SEEKING TO CHANGE THIS CURRENT
- 6 INTERCONNECTION ARRANGEMENT?
- 7 A. Time Warner Cable believes it will be more efficient and cost effective to transition from
- 8 purchasing wholesale services from Sprint to directly interconnecting with the ILECs.
- 9 Time Warner Cable affiliates currently provide service using dozens of direct
- interconnection agreements in ten states without any major issues arising as a result of the
- 11 transition. That direct interconnection model also is utilized by other leading cable
- telephony providers throughout the United States.
- 13 Q. HAVE THERE BEEN ANY COMPLAINTS FILED OR ACTIONS INITIATED
- 14 BY REGULATORS ALLEGING THAT TRAFFIC TO ANY CARRIER WAS
- 15 IMPROPERLY IDENTIFIED BY TIME WARNER CABLE IN THE STATES
- 16 WHERE TIME WARNER CABLE HAS DIRECT ICAS WITH ILECS?
- 17 A. No.
- 18 O. HAVE THERE BEEN ANY COMPLAINTS FILED OR ACTIONS INITIATED
- 19 BY REGULATORS ALLEGING THAT TIME WARNER CABLE DID NOT PAY
- 20 APPROPRIATE COMPENSATION FOR INTERCONNECTED TRAFFIC TO
- 21 THE ILECS WITH DIRECT ICAS?
- 22 A. No.

- 1 Q. HAVE THERE BEEN ANY COMPLAINTS FILED OR ACTIONS INITIATED
- 2 BY REGULATORS ALLEGING THAT TIME WARNER CABLE DID NOT
- 3 APPROPRIATELY PAY ANY STATE UNIVERSAL SERVICE FUND
- 4 CONTRIBUTIONS OR ANY REGULATORY FEES?
- 5 A. No.
- 6 Q. HAVE THERE BEEN ANY COMPLAINTS FILED OR ACTIONS INITIATED
- 7 BY REGULATORS ALLEGING THAT TIME WARNER CABLE DID NOT
- 8 ASSIGN TELEPHONE NUMBERS WITHIN THEIR ASSOCIATED RATE
- 9 **CENTER BOUNDARIES?**
- 10 A. No.
- 11 Q. ARE YOU AWARE OF ANY PROBLEMS, ISSUES OR COMPLAINTS FILED
- OR ACTIONS INITIATED BY REGULATORS IN REGARD TO THESE
- 13 DIRECT INTERCONNECTION AGREEMENTS IN OTHER STATES?
- 14 A. No.
- 15 Q. ARE ANY OF THESE DIRECT ICAS WITH SMALL OR RURAL ILECS?
- 16 A. Yes, in addition to the ICAs in South Carolina with Horry Telephone Cooperative, Inc.
- 17 ("Horry"); Hargray Telephone Co., Inc. ("Hargray"); and Bluffton Telephone Co., Inc.
- 18 ("Bluffton"), Time Warner Cable's New York affiliate is interconnected with and
- 19 operating under ICAs in upstate New York with several small, rural ILECs, as is Time
- Warner Cable's Nebraska affiliate.
- 21 Q. DID YOU PARTICIPATE IN THE NEGOTIATIONS WITH THE ILECS IN
- 22 **SOUTH CAROLINA?**
- 23 A. Yes, when Ms. Bailey received the February letter from Mr. Chase of John Staurulakis,

1	Inc. ("JSI")—in which he contended that, notwithstanding the opt-in right conferred by
2	47 U.S.C. § 252(i) and the FCC's rules, Time Warner Cable is not eligible to adopt the
3	ICAs between Sprint and the ILECs—she scheduled a conference call with counsel for
4	the ILECs and a JSI representative. Ms. Bailey and I both participated in the conference
5	call. JSI indicated that they would not negotiate with Time Warner Cable because Time
6	Warner Cable is supposedly not a "telecommunications carrier" as defined by the Federal
7	Communications Act.

8 Q. WHAT IS TIME WARNER CABLE'S POSITION IN REGARD TO THE ILECS'

REFUSAL TO NEGOTIATE?

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- 10 A. There is absolutely no justification for the ILECs' refusal to interconnect directly with
 11 Time Warner Cable. Time Warner Cable has operated as a certificated, regulated
 12 telecommunications carrier in South Carolina since 2004. Time Warner Cable has
 13 operated as a regulated telephone utility in a manner that is consistent with South
 14 Carolina statutes and regulations applicable to competitive local exchange carriers.
- 15 Q. HOW LONG HAS TIME WARNER CABLE OPERATED IN THE ILECs'
 16 SERVICE AREAS?
- 17 **A.** Time Warner Cable has provided regulated voice services in the ILECs' service areas since 2009, after the Commission issued Order Number 2009-356(A).
- Q. DID ORDER NUMBER 2009-356(A) ADDRESS WHETHER THE TIME
 WARNER CABLE IS PROVIDING REGULATED TELECOMMUNICATIONS
 SERVICES?
- 22 A. Yes. In this order expanding Time Warner Cable's service area, the Commission held 23 that (1) Time Warner Cable is a provider of local exchange and interexchange

1	telecommunications service, (2) Time Warner Cable is a "telephone utility" as defined by
2	S.C. Code Section 58-9-10, and (3) Time Warner Cable's Digital Home Phone Service is
3	a regulated telecommunications service as defined by S.C. Code Section 58-9-10. ²

- 4 Q. DID THE ILECS RECOMMEND THAT THE COMMISSION IMPOSE
 5 CONDITIONS ON TIME WARNER CABLE PRIOR TO AMENDING ITS
 6 CERTIFICATE TO INCLUDE THE ILECs' SERVICE AREAS?
- 7 A. Yes, among others, ILEC witness Douglas Meredith recommended that the Commission 8 require Time Warner Cable to use Sprint as an intermediary carrier for Digital Home 9 Phone VoIP service, prohibit Time Warner Cable from seeking numbering resources 10 directly from NANPA, prohibit Time Warner Cable from seeking interconnection directly with the RLECs, and prohibit Time Warner Cable from providing wholesale 11 12 telecommunications services other than high capacity point to point private line services. 13 Alternatively, JSI recommended that if the Commission did not impose the proposed conditions, then it should find that Digital Home Phone service is not a 14 15 telecommunications service under Section 251; determine that Time Warner Cable does not satisfy 47 CFR 51.100; and establish a "level playing field" in the regulation of all 16 services.³ 17
- DID THE COMMISSION ADDRESS THE ILECS' REQUEST THAT TIME 18 Q. 19 WARNER **CABLE REQUIRED** BE TO UTILIZE **SPRINT FOR** 20 INTERCONNECTION (AND/OR BE PROHIBITED FROM SEEKING DIRECT 21 INTERCONNECTION) WITH THE ILECs?

Order No. 2009-356(A), p. 20 and 22.

³ Order No. 2009-356(A), p. 15-16.

Yes, the Commission expressly rejected that request. The Commission stated that "there is no legal support for the RLECs' request that we require Time Warner [Cable] to interconnect only through Sprint absent application for approval to change underlying carriers." The ILECs' refusal to allow Time Warner Cable to adopt the terms of the existing ICA each of them has with Sprint thus seeks to re-litigate matters already settled by the Commission. Indeed, in their Response to Time Warner Cable's Petition, the ILECs still offer no legal support for their claim that Time Warner Cable is not entitled to interconnect directly with them.

9 Q. WERE THERE ANY CONDITIONS PLACED ON TIME WARNER CABLE'S 10 ABILITY TO INTERCONNECT WITH THE ILECs?

11 A. The only condition is that the interconnecting carrier must be certificated and regulated by the Commission.⁵

13 Q. DOES TIME WARNER CABLE SATISFY THAT CONDITION?

14 Yes. Time Warner Cable meets that condition, because it is a telecommunications carrier A. 15 providing telecommunications services and is certificated and regulated by the Commission. As noted above, the Commission has held that (1) Time Warner Cable is a 16 17 provider of local exchange and interexchange telecommunications service, (2) Time 18 Warner Cable is a "telephone utility" as defined by S.C. Code Section 58-9-10, and (3) 19 Time Warner Cable's Digital Home Phone Service is a regulated telecommunications service as defined by S.C. Code Section 58-9-10.6 The ILECs concede as much in their 20 Response.⁷ 21

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Order No. 2009-356(A), p. 18.

⁵ Order No. 2009-356(A), p. 19

⁶ Order No. 2009-356(A), p. 20 and 22.

⁷ Response at 3.

- 1 Q. IF THE ILECS CONCEDE THAT TIME WARNER CABLE IS A
 2 TELECOMMUNICATIONS CARRIER UNDER SOUTH CAROLINA LAW, ON
- 3 WHAT BASIS DO THEY REFUSE TO INTERCONNECT WITH TIME
- 4 WARNER CABLE?
- 5 A. The ILECs assert, without any legal support whatsoever, that, because the Federal
- 6 Communications Commission ("FCC") "has not classified [VoIP] service as a
- telecommunications service . . . the provision of VoIP service by Time Warner [Cable]
- 8 does not constitute the provision of telecommunications service under federal law for
- 9 purposes of triggering the obligation to allow interconnection by Time Warner [Cable]
- under Section 251 of the Act."⁸

11 Q. HAVE THE ILECS MADE THE SAME ASSERTION BEFORE?

- 12 A. Yes. In Order Number 2009-356(A), the Commission recognized and addressed the
- 13 ILECs' argument that Time Warner Cable was not entitled to a certificate of public
- convenience and necessity ("CPCN") because the FCC has not classified interconnected
- VoIP service. In response, the Commission stated that "[w]e have addressed this concern
- by determining that TWCIS is a regulated telephone utility and that Digital [Home]
- 17 Phone is a *telecommunications service*."⁹
- 18 Q. ARE THE ILECS CORRECT THAT TIME WARNER CABLE IS NOT
- 19 ENTITLED TO DIRECT INTERCONNECTION BECAUSE VOIP SERVICE
- 20 HAS NOT BEEN CLASSIFIED UNDER FEDERAL LAW?
- 21 A. No. While it is true that the FCC has yet to classify interconnected VoIP service, that has
- 22 no effect on Time Warner Cable's right to interconnect directly with the ILECs in South

⁸ Response at 3.

⁹ Order no. 2009-356(A), p. 12-13. (emphasis added).

Carolina. To the contrary, the FCC has expressly recognized that voice providers like

Time Warner Cable *are* entitled to direct interconnection, notwithstanding their reliance

on VoIP technology, when they elect to operate as a telecommunications carrier. In

particular, the FCC stated that "if a provider of interconnected VoIP *holds itself out as a telecommunications carrier and complies with appropriate federal and state*requirements," it is entitled to invoke the rights conferred under Section 251. ¹⁰

7 Q. DOES TIME WARNER CABLE MEET THESE REQUIREMENTS IN SOUTH 8 CAROLINA?

A.

Yes. Time Warner Cable holds itself out as a telecommunications carrier in South Carolina and complies with applicable state and federal requirements. As noted above, Time Warner Cable has operated as a certificated, regulated telecommunications carrier in South Carolina since 2004. It operates as a regulated telephone utility under South Carolina law and, as discussed in more detail below, operates in a manner consistent with all federal and state regulations and statutes applicable to competitive local exchange carriers *and* interconnected VoIP providers. Accordingly, Time Warner Cable is entitled to interconnect directly with the ILECs for the purpose of offering its interconnected VoIP service.

Q. PLEASE DESCRIBE HOW TIME WARNER CABLE'S VOICE SERVICES ARE REGULATED IN SOUTH CAROLINA.

A. Time Warner Cable is required to comply with various state and federal requirements applicable to competitive local exchange carriers. Among other things, Time Warner Cable contributes to the South Carolina Universal Service Fund, pays the annual

IP-Enabled Services; E911 Requirements for IP-Enabled Service Providers, First Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 10245 ¶ 38 n.128 (2005).

assessment to the Department of Revenue based on the Gross Receipts Form, files Annual Reports, quarterly Service Quality Reports, and provides services pursuant to the terms of its approved tariff. Time Warner Cable also complies with state and federal consumer protection requirements relating to slamming, billing, and customer complaints.

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As a provider of interconnected VoIP service, Time Warner Cable also is subject to specific requirements imposed by the FCC. Among other things, Time Warner Cable must provide E911 service; comply with the Communications Assistance for Law Enforcement Act; contribute to the federal universal service support mechanisms; comply with regulation governing carrier proprietary network information ("CPNI"); provide access to telecommunications relay services ("TRS") and contribute to the TRS fund; comply with local number portability requirements; and pay annual regulatory fees. Even before the FCC imposed these obligations over the last few years, Time Warner Cable complied with these regulations

- HAS THE **FCC DETERMINED HOW PROVIDER'S** Q. A TELECOMMUNICATIONS CARRIER STATUS UNDER STATE LAW BEARS ON ITS STATUS UNDER FEDERAL LAW?
- Yes. The FCC has made clear that an entity's possession of a CPCN and its publication 18 Α. 19 of tariffs constitute sufficient evidence of its status as a telecommunications carrier under federal law, not just under state law. 11 20

11 See, e.g., Fiber Techs. Network, L.L.C. v. N. Pittsburgh Tel. Co., Memorandum Opinion and Order, 22 FCC

Rcd 3392, 3399 ¶ 20 (2007) (finding that Fibertech is a telecommunications carrier because state commission authorization to provide telecommunications services in combination with tariffs established that Fibertech "offers to provide" telecommunications service); Bright House Networks, LLC v. Verizon Cal., Inc., Memorandum Opinion and Order, 23 FCC Rcd 10704 ¶ 39 (2008) (finding a provider's CPCN

1 Q. HAS THE FCC ADDRESSED THE RIGHT OF COMPETITIVE CARRIERS TO 2 INTERCONNECT WITH RURAL CARRIERS IN ANY OTHER CONTEXT?

3 Α. Yes, the FCC recently reaffirmed the unequivocal right of competitive carriers such as 4 Time Warner Cable to interconnect with rural carriers like these ILECs in *Petition of* 5 CRC Communications of Maine, Inc. and Time Warner Cable, Inc. for Preemption Pursuant to Section 253 of the Communications Act, as Amended, et al., Declaratory 6 7 Ruling, FCC 11-83, WC Docket No. 10-143, GN Docket No. 09-51, CC Docket No. 01-91 (Rel. May 26, 2011) ("CRC Declaratory Ruling"). In particular, the FCC reaffirmed 8 the previous 2007 Declaratory Ruling, ¹² which this Commission followed in Order No. 9 2009-356(A). As it had done in the 2007 Declaratory Ruling, the FCC made clear that 10 the unsettled classification of interconnected VoIP has no bearing on a competitive 11 carrier's right to interconnect with ILECs, including where the competitive carrier 12 exchanges only VoIP traffic. 14 13

14 Q. HOW DO YOU RESPOND TO THE ILECs' CLAIM THAT THE CRC 15 DECLARATORY RULING IS NOT APPLICABLE IN THIS PROCEEDING?

A. The FCC's statement that the regulatory classification of interconnected VoIP service is irrelevant to a telecommunications carrier's right to interconnection further confirms. Time Warner Cable's entitlement to seek interconnection in this case. Quite simply, it makes no difference whether a telecommunications carrier is interconnecting for the purpose of providing services to a third party, an affiliate or, as is the case here, to enable

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to be "public notice of ... intent to act as a common carrier"), aff'd, Verizon Cal., Inc. v. FCC, 555 F.3d 270 (D.C. Cir. 2009).

¹² *CRC Declaratory Ruling*, ¶ 26.

Order no. 2009-356(A) at 19 ("We intend this Order to be fully consistent with the FCC's Time Warner [Cable] Declaratory Ruling, which was issued in 2007 and reported at 22 F.C.C.R. 3513.").

¹⁴ Id. ¶¶ 26-28 & n.96.

entitled to interconnect to enable a *non-regulated* entity to deliver VoIP traffic to and from the public switched telephone network (as the ILECs appear to concede), then such a carrier *a fortiori* is entitled to interconnect when the retail VoIP service is offered as a certificated telecommunications service. The ILECs not only misread the law but defy common sense in arguing that Time Warner Cable's status as a regulated carrier in South Carolina results in undercutting, rather than bolstering, its entitlement to interconnect.

- HOW DO YOU RESPOND TO THE ILECs' CLAIM THAT IF TIME WARNER CABLE IS ALLOWED TO INTERCONNECT DIRECTLY WITH THEM, "IT WOULD POTENTIALLY OPEN [THEM] UP TO OBLIGATIONS TO NONTELECOMMUNICATIONS CARRIERS THAT GO WELL BEYOND THE REQUIREMENTS OF EXISTING LAW?" 16
- A. This unsupported assertion has no basis in either law or fact. In order to obtain interconnection with the ILECs, a carrier must obtain a certificate of public convenience and necessity. Time Warner Cable holds a certificate in South Carolina, as discussed above. To the extent that any "non-telecommunications carrier" sought to interconnect with the ILECs, the ILECs could refuse such a request to the extent the Commission had not found the requesting party to be eligible for a CPCN. That certification process, in which the ILECs are able to participate, therefore ensures that only qualified telecommunications carriers will be eligible for interconnection.
- Q. DOES SECTION 51.100 OF THE FCC'S RULES HAVE ANY BEARING ON
 TIME WARNER CABLE'S ENTITLEMENT TO INTERCONNECTION?

Q.

¹⁵ See Verizon California v. FCC, 555 F.3d 270, 275-76 (D.C. Cir. 2009).

Response at 6.

1 A. No. Section 51.100 of the FCC's rules reflects the requirement in Section 251 of the 2 Communications Act that an entity must offer a "telecommunications service" to qualify for interconnection. In the ILECs' Response to Time Warner Cable's Petition, they 3 4 appear to assert, incorrectly, that allowing Time Warner Cable to interconnect with the ILECs would violate this rule. 17 But the premise on which the ILECs' argument is built 5 is completely unfounded. Namely, the ILECs believe that Time Warner Cable's 6 7 exchange of VoIP traffic with them would be information services traffic. As explained at length above and in Order Number 2009-356(A), Time Warner Cable—by holding 8 itself out as a telecommunications carrier in South Carolina and obtaining a CPCN and 9 10 publishing a tariff for the purpose of providing its retail VoIP services as 11 telecommunications services—unquestionably is providing a telecommunications 12 service, under both federal and state law. Accordingly, Time Warner Cable is entitled to 13 interconnect with the ILECs pursuant to Section 51.100 of the FCC's rules.

- 14 Q. DO THE ILECS OFFER ANY REASON FOR THE COMMISSION TO
 15 DISCONTINUE TREATING TIME WARNER CABLE AS A REGULATED
 16 TELECOMMUNICATIONS CARRIER IN THIS PROCEEDING?
- 17 A. No, the Commission has treated Time Warner Cable as a regulated telecommunications
 18 carrier providing regulated telecommunications services within the State of South
 19 Carolina since 2004. There is no basis to alter that status now.
- 20 Q. PLEASE SUMMARIZE TIME WARNER CABLE'S POSITION IN THIS
 21 MATTER.
- It is Time Warner Cable's position that, given the circumstances described above, the

¹⁷ Response at 4-5.

ILECs' refusal to allow Time Warner Cable to adopt the existing Sprint ICA pursuant to
47 U.S.C. § 252(i) plainly violates federal and state law and constitutes bad faith. Time
Warner Cable therefore respectfully urges the Commission to issue an order finding that
Time Warner Cable is entitled to opt into the Sprint Agreement and compelling the
ILECs to comply with their statutory obligations.

6 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

7 A. Yes.